

1 STATE OF CALIFORNIA
2 BUSINESS, CONSUMER SERVICES AND HOUSING AGENCY
3 DEPARTMENT OF BUSINESS OVERSIGHT

4 TO: Polaris Capital Group, LLC
5 Chad Schwartz
6 9155 Judicial Drive, Suite 5508
7 San Diego, California 92122
8 7770 Regents Road, Suite 113-304
9 San Diego, California 92122
10 1501 N 12th Street, Suite 1
11 Bismarck, North Dakota 58501

12 **DESIST AND REFRAIN ORDER**
13 **(For violations of Financial Code section 22100)**

14 The Commissioner of Business Oversight (Commissioner) finds that:

- 15 1. At all relevant times, Polaris Capital Group, LLC (Polaris) was a suspended North Dakota
16 limited liability company doing business in California at 9155 Judicial Drive, Suite 5508, San Diego,
17 California 92122 and 7770 Regents Road, Suite 113-304, San Diego, California 92122. Polaris
18 maintains a website on the internet at www.polariscapitalgroup.com advertising that Polaris provides
19 “commercial small business loans and financial services”.
- 20 2. At all relevant times, Chad Schwartz (Schwartz) was an individual with the last known
21 business addresses of 7770 Regents Road, Suite 113-304, San Diego, California 92122. Schwartz
22 was the managing member and registered agent for service of process for Polaris.
- 23 3. Beginning in at least 2018, Polaris and Schwartz engaged in the business of a finance lender
24 and/or broker in California by entering into a “consulting” agreement with a borrower after promising
25 they could secure a commercial loan for them. According to the agreement, Polaris and Schwartz
26 were supposed to find a loan, negotiate loan terms, and secure a \$1.5 million commercial loan
27 funding for the borrower. Polaris and Schwartz acted as if they were performing under the agreement,
28 by running the borrower’s credit scores through Experian, Equifax, and Transunion, and challenging
negative items appearing on the credit reports. Polaris and Schwartz even asked the borrower to give

1 them limited power of attorney to prepare and execute documents on their behalf throughout the loan
2 process including to challenge the credit reports.

3 4. Polaris and Schwartz claimed they would charge the borrower at least 10% of the gross line of
4 credit with no less than \$20,000 for their services of locating, advising, and negotiating the
5 commercial loan. In addition, Polaris and Schwartz charged the borrower other loan fees, UCC title
6 removal fees, and appraisal fees associated with locating, securing and funding a commercial loan,
7 ultimately collecting over \$51,000 in fees. In fact, Polaris and Schwartz never payed the UCC title
8 removal fees, appraisal fees and other fees associated with the loan on behalf of the borrower but
9 instead kept all fees collected for themselves. To date, the borrower has not received the \$1.5 million-
10 dollar commercial loan, nor, despite numerous requests, any money back from Polaris and Schwartz.

11 5. Polaris and Schwartz have not been issued a license by the Commissioner authorizing them to
12 engage in the business of a finance lender and/or broker under the California Financing Law (Fin.
13 Code, § 22000 et seq.), nor are they exempt from the licensing requirements of Financial Code
14 section 22100.

15 By reason of the foregoing, Polaris Capital Group, LLC and Chad Schwartz have engaged in
16 the business of a finance lender and/or broker without having first obtained a license from the
17 Commissioner in violation of Financial Code section 22100. Pursuant to Financial Code section
18 22712, Polaris Capital Group, LLC and Chad Schwartz are ordered to desist and refrain from
19 engaging in the business of a finance lender and/or broker in the State of California without first
20 obtaining a license from the Commissioner, or otherwise being exempt.

21 This order is necessary, in the public interest, for the protection of California borrowers, and
22 is consistent with the purposes, policies, and provisions of the California Financing Law.

23 Dated: April 11, 2019

24 Sacramento, California

JAN LYNN OWEN

Commissioner of Business Oversight

25
26 By: _____

MARY ANN SMITH
Deputy Commissioner
Enforcement Division